What is the person’s name and title? What is the person’s formal job description with regard to corporate ethics?

I visited Imation world headquarters in Oakdale, Minn., on Friday, April 24, 2009, to meet with John R. Sullivan, who serves as the data-storage company’s senior vice president, general counsel and corporate secretary. Mr. Sullivan also serves as the company’s official “Business Conduct Officer.” In this role, he is responsible for establishing and enforcing ethical standards and policies for Imation employees worldwide.

How long has the person held this position and what qualifications are in place for the position?

Mr. Sullivan has been with the company since its inception in July 1996, when it was spun off from 3M. He is the most tenured senior executive on the Imation team. As a licensed attorney with several years of experience, he is qualified to ensure that all of Imation’s business conduct policies adhere to, and are in full compliance with, all state and federal laws and regulations.

What does this person see as the major business ethics issues today? What issues seem to be waning in importance?

The major business ethics issues that Imation, in particular, faces right now are related to the company’s global footprint. Imation mandates that all of its business units and employees, regardless of whether they are based in the U.S. or overseas, follow the same laws and the same strict code of business conduct. Because Imation is a U.S. company, it expects all business units and employees located in other countries to comply with U.S. laws and regulations. It also expects them to adhere to business conduct policies that were developed with a decidedly U.S. cultural bent. This poses significant challenges for employees working in countries where it is
considered completely acceptable to conduct oneself in ways that would not be deemed ethical by U.S. standards (e.g., making payoffs to government officials in order to win contracts or to be allowed to do business within a particular country or region). For this reason, Imation must work very hard to ensure that all of the company’s foreign employees thoroughly understand and adhere to Imation’s business conduct policies. Doing so, notes Sullivan, can be challenging, particularly when the worldwide economy is suffering and attracting new business is more difficult than ever.

Mr. Sullivan indicated that he does not think that there are any particular business ethics issues that seem to be waning in importance at this time. He did note, however, that businesses in general seem less concerned right now with blatant legal and ethical violations (such as those that befell both Enron and WorldCom). Instead, he believes that most organizations are primarily focused, at this time, on helping mostly well-intentioned employees to avoid making lesser-scale ethical infractions.

**Briefly describe how this organization handles an ethical violation of its code.**

According to its business policy document, Imation openly encourages all employees, consultants, and contingent workers to report suspected violations of law or of Imation policies to the attention of the head of their organization, department or business unit; the Imation legal counsel in Legal Affairs or subsidiary legal counsel; Imation internal auditing; a human resources manager; or the Imation business conduct officer. Employees may also report violations by calling a toll-free “Business Conduct Information Line,” or by emailing or mailing the business conduct officer directly.

In order to encourage employees to report violations, employees are assured that, when possible, confidentiality of all reported incidents will be maintained. “To allay fear of
retribution,” the policy states, “employees are permitted to make anonymous reports of violations of the law or Imation policies.” To the extent possible and as permitted by law, Imation further notes within its policy documentation that it “will take reasonable precautions to maintain the confidentiality of those individuals who report legal or compliance–related violations. This confidentiality will include both the confidentiality of the person making the report and the person about whom the report is made.”

Once a suspected violation is reported, an investigation is typically conducted before any disciplinary action or termination of an employee occurs.

**What sanctions are available for those who violate the code? How often are those sanctions used?**

Imation policy states that employees who “violate the law or who violate any Imation business conduct policy and who do so without seeking the advice of Imation legal counsel or the advice of subsidiary legal counsel, or who act contrary to that advice, will be subject to appropriate discipline up to and including termination of employment.”

According to Sullivan, his team’s first step when a potential infraction is brought to light is to conduct an investigation. Operating under the assumption that any employee accused of an infraction is innocent until proven otherwise, he and his team conduct this investigation by gathering as much information as possible. Typically, this information-gathering phase consists of reviewing employee records and pertinent data files and interviewing all involved parties.

The decision to terminate or discipline an employee, if proven guilty, is made on a case-by-case basis, according to Sullivan, and is largely contingent on the egregiousness and severity of the offense, the motivations of the offender, and the offender’s willingness to learn from his or her mistakes and to take responsibility for his or her actions. At times, when an offence is not
particularly egregious and the offender is contrite, says Sullivan, it makes more sense to keep the employee on rather than to terminate him or her (“because these are the people who will become ethics champions within the organization and help others to learn from their mistakes,” he says).

If the offense is minor but the offender is not willing to accept responsibility for his or her actions, termination of employment is typically the best course of action, according to Sullivan.

According to Sullivan, his team receives between 0 and 10 ethics- and business-conduct related inquiries per quarter. Typically, these inquiries are made by people who would like to do the right thing and who have questions regarding whether a given course of action that is currently under consideration by them would be considered both “ethical” and “legal” by the Imation business conduct officer. An outright ethical violation resulting in disciplinary action or termination is a relatively rare occurrence at Imation, according to Sullivan.

**Discuss anything else of interest you learned while meeting with this individual. This can include issues/questions that you ask in addition to those I’ve provided here.**

Key learning points that I gleaned from this experience were as follows:

- **Ethics should be integrated into every aspect of the business.** Mr. Sullivan indicated that he has seen many companies make the mistake of doing a lot of work, crafting proposals, or drafting agreements and then – and only then – running such documentation by the legal department. Ethical decision-making is more easily fostered, he argues, if a company’s legal team is viewed as a partner in all business transactions and is involved in the formation of all new ventures and business partnerships from the very beginning. In this way, the legal team’s counsel can
inform the process in its early stages, which, in turn, leads to stronger and more ethical business outcomes.

- **Don’t “police” ethics. Instead, encourage ongoing conversation.** Sullivan noted that those who willfully and intentionally violate laws or organizational business conduct policies are in the minority, and that most people try to do the right thing. This is why his team encourages all employees to call, write or stop by his office if they have any doubt whatsoever as to whether a given course of action is acceptable.

- **Just because it’s legal doesn’t mean that it’s right.** According to Sullivan, Imation holds itself to a higher standard than laws and regulations demand. He noted, in fact, that most people would be surprised by what they are “legally” able to do – and that many perfectly legal actions are completely and totally unacceptable under Imation’s business conduct policies.

- **Ensure that ongoing training and communication takes place.** Imation offers ongoing training and communication to ensure that all employees are fully versed in the organization’s business conduct policies. Doing so, says Sullivan, is essential to ensuring organization-wide compliance.

**Overall, what did you learn from this exercise?**

Beyond the tactical best practices indicated in my previous answer, my biggest “take away” from this assignment was inspirational in nature. It was quite obvious that Mr. Sullivan cares deeply about doing business in an above-board way and that it is important to him, as a member of the senior leadership team, to do everything in his power to protect Imation’s worldwide reputation and to ensure that he and all Imation employees are able to derive a sense of pride from working at the company. During his tenure at Imation, he has taken many, many
steps to champion ethics as a core corporate value and to ensure that the organization holds itself to the highest moral and ethical standards.